

## Resources for Local Government in Federal Coronavirus Response Laws & Programs Webinar

### FAQs

#### Small Business Administration Assistance

- 1. The link to Sustainable Strategies DC's Small Business Resources memo leads to a SharePoint site that limits access; can you provide a working link?**

We have created a dedicated [COVID-19 webpage](#) with a working link to the [SBA memo](#) and other resources for communities. We plan to continue updating this page with resources on advocacy, funding opportunities, and legislative updates for local governments throughout the public health crisis.

- 2. What is available for sole proprietor businesses? What about non-profit businesses?**

Sole proprietors and non-profit businesses are eligible for the [SBA Paycheck Protection Program](#), the [SBA Economic Injury Disaster Loan \(EIDL\) program](#) and new EIDL Advance program, federal income tax deferments, and other coronavirus relief.

- 3. Is there any relief for churches?**

On April 4, 2020, the SBA [issued guidance](#) to clarify that all faith-based organizations impacted by COVID-19 are eligible to participate in the Paycheck Protection Program and the Economic Injury Disaster Loan program. The CDC has prepared [resources and guidelines](#) for faith-based organizations, which includes examples on how to modify religious services and provide continued support to the community while preventing virus transmission.

- 4. Can municipal utilities, such as city water, sewer, and municipal electric qualify as a small business and access the Paycheck Protection Program?**

Most municipal utilities are not eligible for SBA PPP assistance. To be eligible for SBA PPP assistance, a business must qualify as a small business concern under section 3 of the Small Business act or tax-exempt, 501(c)3 organization that meets SBA's size standards (either the industry based sized standard or the alternative size standard). "A small business concern" must:

- Be a for-profit entity in the form of a corporation, partnership, LLC, joint venture, individual proprietorship, association, trust, or cooperative.
- Be independently owned and operated;
- Not be dominant in its field of operation; and
- Not exceed the relevant small business size standard for the particular procurement action.

SBA lists specific size standards for utilities (Sector 22, NAICS codes 221111-221330) [here](#).

- 5. I have heard from people that have applied for the SBA loan as early as March 20 but have not received anything yet. Are the SBA loans going out?**

The SBA Paycheck Protection Program [rolled out with considerable confusion](#) from lenders, technical issues, and delays, as some large banks sought to slow the process and add requirements that were included by the government. The SBA has released [additional guidance](#) to help quell concerns of lenders and participants; however, we are continuing to hear about delays associated with overwhelming

numbers of applications and limited resources; we cannot confirm through SBA or other sources that any loans have been received by small businesses. The SBA Economic Injury Disaster Loan Emergency Advance program has been suffering similar delays; small businesses confirm receiving EIDL advance payments, but not within the three-day period advertised. On April 9, Senate Republicans were pushing to give a \$250 billion boost to the Paycheck Protection Program, but Senate Democrats held up the legislation to push for the inclusion of an additional \$100 billion for health care providers, \$150 billion for states and cities, and more support for SNAP. The Senate is now in recess until April 20<sup>th</sup>, but this question is likely to be taken up anew.

### **Rural Resources**

#### **6. Are there resources that are available specifically to rural communities?**

Please see the [list of opportunities](#) for immediate relief, rural housing, rural utilities services, and rural businesses available through the USDA Rural Development program, last updated on April 8, 2020.

### **Municipal Liquidity Loan Program**

#### **7. Can you provide additional information on the liquidity loan program? Are the liquidity loans forgivable for cities?**

Since our webinar, the Federal Reserve has [taken actions](#) to establish a Municipal Liquidity Facility that will offer up to \$500 billion in lending to states and municipalities to help state and local governments better manage cash flow pressures in order to continue to serve households and businesses in their communities. The facility will purchase short-term notes directly from U.S. states, U.S. counties with a population of at least two million, and U.S. cities with a population of at least one million. Eligible state-level issuers may use the proceeds to support additional counties and cities. The Treasury will provide \$35 billion of credit protection to the Federal Reserve for the Municipal Liquidity Facility using funds appropriated by the CARES Act. On April 9, the Federal Reserve posted a term sheet for the new [Municipal Liquidity Facility](#). This new guidance does not indicate that the liquidity loans will be forgivable.

### **CARES Act Coronavirus Relief Fund**

#### **8. Towns have been paying staff to stay at home. Will these costs be reimbursed? If so, through what program?**

Unfortunately, the costs of paying staff to stay at home are not reimbursable under the current CARES Act Coronavirus Relief Fund State and Local Stabilization fund. The Coronavirus Relief Fund for state and local governments created through the CARES Act will only provide reimbursement for costs considered (1) necessary expenditures for COVID-19 response that were (2) not budgeted for and (3) incurred between March 1, 2020 and December 2020. While Treasury has not provided guidelines interpreting “necessary expenditures,” these requirements appear to preclude towns from paying staff who were already budgeted for to stay home. The National League of Cities is campaigning to push for a flexible interpretation of necessary expenditures, as well as to ensure that the next phase of federal COVID-19 aid includes funding to provide relief to municipalities for lost revenues. You can weigh in about the need to reimburse lost revenue and/or costs associated with paying local government employees to stay home [here](#).

**9. Will the Coronavirus Relief Fund for state and local government this be extended to small and mid-size communities? Everything that I have seen is for communities of 500,000 or more.**

As of April 13, 2020, the Coronavirus Relief Fund has not been extended for direct access to small and mid-size communities. There are efforts underway (including the [NLC Action Campaign](#) discussed above) at the State and Federal level to interpret and/or amend the CARES Act legislation to require that funds be distributed to local governments under 500,000, which are not currently eligible for direct distribution of any kind. We recommend reaching out to your Governor's office to urge them to create a mechanism for distribution of the existing CARES Act Coronavirus Relief Fund resources to local governments. There are also efforts underway to pass new legislation that would provide \$250 billion in relief directly to local governments without a size threshold, including the [Coronavirus Community Relief Act](#), introduced in the House of Representatives on April 7.

**10. Will County's be classified as local governments re: over 500,000 direct allocation?**

Yes, counties will be classified as local governments for the over 500,000 direct allocation of up to 45% of the CARES Act Coronavirus Relief Funds allocated to each state. See the eligible units of local government [here](#).

**11. Is there going to be a template or certification form from Treasury for the local government over 500K population to submit?**

Yes – you can access the online certification submission [here](#), on Treasury's webpage.

**Emergency Paid Sick Leave – Unfunded Mandate**

**12. Emergency Paid Sick Leave applies to municipalities. Do you know if municipalities are eligible for tax credits related to the EPSL given to employees?**

Sections 7001(e)(4) and 7003(e)(4) of HR 6201 prohibit local governments from receiving the tax credits that most other employers, whether non-profit or for-profit, get. Therefore, the cost of this additional leave will be fully borne by local governments.

**13. While tax credits (FFCRA Division G, Sections 7001 – 7004) do not apply to local governments, does the special rule related to tax on employers (Section 7005) apply to local governments? Section 7005 is related to wages required to be paid by reason of the EPSLA and the EFMLEA shall not be considered taxable wages on employer portion of Social Security.**

Yes, it is our understanding that under section 7005(a) of the FFCRA, local government employers will not pay the social security portion of the FICA tax, normally imposed on all wages, on any payments made under the Emergency FMLA Act or the Sick Leave Act. But employers must continue to pay the Medicare portion or "hospital" portion of FICA and they must withhold the employee contribution to both the social security and Medicare portions of FICA. Other deductions typically made from wages must also be deducted from emergency leave payments made pursuant to the FFCRA. In section 7005(a), the Families First Act refers to payments made under the Emergency FMLA Act and the Sick Leave Act as "wages" and says that they shall not be considered wages only for the purposes of Internal Revenue Code section 3111(a), the section that imposes the employer contribution to social security; however, no other tax is mentioned, so federal income tax withholding applies to all Families First Act emergency leave payments.

## **FEMA Disaster Relief**

### **14. Is there a deadline for applying for the FEMA Public Assistance?**

As of March 23, FEMA is implementing a [simplified online Public Assistance \(PA\) program](#) application process for applicants requesting reimbursement related to the COVID-19 federal emergency. There is not a deadline listed for initiating this process, but local governments are encouraged to begin coordinating with their FEMA PA Representative as soon as possible.

### **15. Overtime pay and hazard pay:**

- a. We have gotten mixed messages about whether our police costs will be reimbursed. They are not directly related to the virus, but under the union contract, when there is a declared state of emergency, all police time is paid at time and a half.**
- b. Area wide first-responder unions are pushing that the current contracts be opened up in order to provide for additional pay and or benefits based on the COVID-19 virus. Would this be an eligible expense?**

You will need to work directly with your state's FEMA Public Assistance Representative Leader to determine if these costs are eligible for reimbursement through the FEMA Disaster Relief Fund. Generally, obtaining reimbursement for disaster-related overtime pay requires pre-existing internal labor policies accounting for disaster-related overtime (See [FEMA PA guidance](#), page 23). When pre-existing disaster-related labor policies are lacking, [some states](#) have specifically listed hazard pay as an ineligible cost for FEMA PA during COVID-19; however, Secretary Mnuchin and President Trump have raised the possibility of including hazard pay costs for [first responders](#) and/or [health workers](#) in future relief bills.

### **16. What FEMA assistance is available for housing authorities and non-profit housing organizations, including the operation of a residential care home for the elderly?**

Public Housing Authorities are eligible for FEMA Disaster Relief funds under the Public Assistance Program, so long as another federal program is not providing the funding needed. Certain private non-profits (PNPs) are also eligible; PNP's that provide low-income housing and/or residential services for individuals with disabilities, seniors, and/or battered spouses are considered eligible under the eligible non-critical, essential social type services category of assistance (see [Public Assistance guide](#), page 13). You should work directly with your state's FEMA Public Assistance Representative (as recommended above) to determine all costs eligible for reimbursement.

### **17. Under FEMA there's the individual assistance program that goes alongside the public assistance program. In the City of New Orleans this program was significant in response to hurricane Katrina. It provided direct payments to individuals. Any thoughts or comments as to why the President's Major Disaster Declarations for this pandemic thus far have limited the program to just crisis counseling?**

We suspect that the [lack of FEMA Individual Disaster Assistance](#) is due to the unprecedented scale of the COVID-19 crisis, which broadly impacts American citizens.

## HUD Community-Development Block Grants

**18. We sustained a fire last year and lost our emergency services building and all fire and ambulance supplies, equipment, etc. We plan to rebuild this year. Would these expenses be eligible for CDBG funds?**

State community development officials are still working with HUD to finalize the details of how the CARES Act appropriations to CDBG can be used by local governments. Rebuilding an emergency services building and replacing equipment that is integral to the emergency protection facility are generally eligible uses of non-CARES Act CDBG funds ([see page 2-11](#)). The officials we have spoken with indicate that they are hearing that the CARES Act funds can be used for services and public facilities, but the use still must relate to the response of COVID-19 and it must still meet the same low-to-moderate income requirements. Officials expect to have additional guidance on the roll out of the CARES Act CDBG funds soon.

Your project may be eligible for FEMA Disaster Relief funds or CDC State and Local Preparedness funds, which can help support facilities critical to COVID-19 response.

**19. Can you confirm if either the HUD CDBG or Economic Stabilization grants may be used for tourism support/promotion/stabilization/recovery? Our community has a significant portion of its debt tied to hotel occupancy taxes, which is also how we fund tourism promotion.**

As described above, while the details have not been completely worked out for the CARES Act CDBG funds, it is expected that uses will need to support [COVID-19 response](#), which might include treatment facilities, special economic development assistance related to the manufacture of medical supplies, short-term working capital to small business to retain jobs held by low and moderate-income persons, and other public services such as meals on wheels to quarantined individuals. EDA Economic Adjustment Assistance resources may also be used for certain eligible costs for supporting recovery of local businesses, although under its regular programs, EDA is only interested in funding projects that support manufacturing, professional, tech, and other such jobs, and will not fund projects that support hospitality, retail, and restaurant industry jobs.

**20. Can CDBG entitlement cities also apply for discretionary HUD and/or CDBG programs? Is indirect cost allowable on these new grants. Are their caps on indirect?**

Most states prohibit CDBG entitlement cities from applying for discretionary HUD and/or CDBG programs. Indirect costs are generally allowable on CDBG grants at your locality's negotiated federal indirect cost rate or a de minimis rate of 10%. The details of the CARES Act program have not yet been finalized.

## HUD Homelessness Funding

**21. Would rapidly released inmates be eligible homeless populations under this current COVID-19 specific funding?**

The CARES Act Emergency Solutions Grants can be used for emergency shelter operations, street outreach, expanded staffing, and other services to protect homeless and at-risk populations (below 50% AMI for CARES Act funds) from COVID-19. Individuals exiting publicly funded institutions (health care

facilities, mental health facilities, and correction programs or institutions) are considered “at risk” of homelessness under [HUD’s definition of homeless](#).

### **EDA Economic Adjustment Assistance**

#### **22. Will EDA areas that have fallen out of compliance be able to apply for EAA funds? • Are small rural communities that do not have a CEDS eligible to apply for EDA Disaster Supplemental funds?**

Any locality in the country is now eligible to apply for the CARES Act funds due to the nationwide emergency declaration. Further, EDA accepts CEDS equivalents, which can include other types of regional or even state-wide economic development plans. We recommend that you coordinate directly with your state’s [Economic Development Representative](#) to confirm eligibility.

#### **23. Will there be a more expansive definition of "resilience" under the EDA Disaster Supplemental funding for coronavirus?**

There is no new NOFO for the EDA Disaster Supplemental funds as of April 13<sup>th</sup>. The unique situation presented by the COVID-19 public health crisis may inspire a more expansive interpretation of “resilience,” but it is hard to say at this time. Again, we recommend that you coordinate directly with your state’s [Economic Development Representative](#) to seek guidance on project concepts.

### **National Endowment for the Arts**

#### **24. On the NEA funds, you bleeped out for a second. Did you say that of the amount each state gets, 50% must go to arts organizations? Is the other 50% open for state decision?**

60% of the funding must go to arts organizations.

On April 8, 2020, the National Endowment for the Arts released guidelines for [CARES Act grants](#) to help save jobs in the arts sector and keep arts organizations up and running. Eligible applicants include nonprofit organizations including arts organizations, local arts agencies, statewide assemblies of local arts agencies, arts service organizations, units of state or local government, federally recognized tribal communities or tribes, and a wide range of other organizations that can help advance the goals of the Arts Endowment and this program; all applicants must be previous National Endowment for the Arts award recipients from the past four years (Fiscal Year 2017-2020; see “Applicant Eligibility” for more information). The grants can support: salary support, full or partial, for one or more positions that are critical to an organization’s artistic mission; fees for artists and/or contractual personnel to maintain or expand the period during which such persons would be engaged; and facilities costs such as rent and utilities.